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SUBJECT: ERDOGAN VISIT: LIMITED CHEST-THUMPING BY THE PM,
LIMITED GROUSING BY GREEK CYPRIOTS

Classified By: AMBASSADOR RONALD L. SCHLICHER FOR REASONS 1.4(b) and 1.4(d)

1.(C) Summary: Turkish Prime Minister Erdogan reaffirmed support for the solution efforts of Turkish Cypriot (T/C) leader Mehmet Ali Talat by delivering a relatively-balanced message that neither angered dyed-in-the wool T/C solution types nor, despite much venting, drove Greek Cypriots to the barricades during his July 18-20 visit to commemorate the 1974 Turkish "Peace Operation." Only pro-Denktash "TRNC Forever" types were left out in the cold by Erdogan,s lack of chest-thumping. The Turkish PM voiced support for the ongoing UN-brokered process -- ideally with a solution by the end of 2008 -- to create a "new partnership state" between two founding/constituent states based on political equality, in the framework of the UN parameters (read Annan Plan), and with the continuation of Turkish guarantees-- all long established Turkish-T/C positions. For his part, T/C leader Mehmet Ali Talat was completely on message with the Turkish PM. Talat told the Ambassador today that the Turkish government is considering a reshuffling of funds within existing Turkish aid, not additional money, to cover a yawning budget deficit that threatens the pro-solution yet administratively inept Republican Turkish Party (CTP) "government." Erdogan apparently also hinted to Talat that closure of AKP may not be a done deal. Erdogan's visit prompted a clamor of negative reactions from Greek Cypriots (G/C), but no indication -- even from DIKO and EDEK -- that it would trigger G/Cs to disrupt the expected announcement of the start of full-fledged negotiations on July 25. Erdogan,s message -- which held no real surprises -- confirms what our T/C contacts have been telling us all along: Erdogan, even more than Gul, is the real pro-solution locomotive in Ankara, and the cash bail-out, should it happen, will put money directly behind the pro-solution Talat and his CTP "government." Absent that injection, the "Turkish Republic of Northern Cyprus (TRNC)" may have to go to early elections later this year or early next, opening up the possibility of stormy cohabitation between a Denktashian National Unity Party (UBP) and Talat. End Summary.

-----Fanfare and a message to please most Turkish Cypriots...-----

12. (SBU) Accompanied by eight ministers -- most of his cabinet -- Turkish PM Erdogan descended on the "TRNC" in a July 18-21 three-day visit that showcased acrobatic flyovers, joint cabinet meetings, a bevy of Turkish-financed ceremonial openings, and, most importantly, a forceful and unequivocal message of support for the solution efforts of T/C leader Talat. Our contacts tell us that they have rarely seen such

pomp, noting that some Turkish PMs -- though never Erdogan -- did not even bother to visit the island to commemorate the 1974 Turkish "Peace Operation."

¶3. (SBU) In an oft-repeated message that a well-respected T/C columnist dubbed his "most comprehensive to date," Erdogan laid out his vision of a solution: a just, sustainable, and comprehensive agreement between two founding/constituent states based on the equality of two peoples, within the framework of the UN parameters, and with the maintenance of Turkish guarantees. Furthermore, the Turkish PM noted that the solution should be based on the consensus achieved in May 23rd Leaders, Agreement, much beloved by the T/Cs for its enshrinement of the concept of "two equal constituent states" (which T/Cs suggest currently exist, but which G/Cs say will exist only after implementation of a negotiated settlement).

¶4. (SBU) Erdogan added, though clearly not as his main focus, that a solution had to be in line with the "principle of a virgin birth," stating as well that the Annan Plan could not be dismissed. He repeatedly pointed out that any solution had to correspond to "realities" on the island--Turkish code for the existence of "two democracies, two states, and two economies"--language that Erdogan avoided, but that President Gul had used during his September 2007 visit and again in a letter presented this time to Talat.

-----by pledging support for a "Turkish Cypriot State" and defense of T/C sovereignty-----

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¶5. (C) In an ambiguous sop to hard-liners infuriated over Talat,s agreement on July 1 to "single sovereignty and citizenship," Erdogan added that a "Turkish Cypriot State" would be established, but that sovereignty would "not be bargained." Talat,s Private Secretary Asim Akansoy told us on July 21 that Erdogan,s support for a "Turkish Cypriot State" is, at present, clearly limited to the framework of a UN-brokered solution. Nevertheless, should that effort collapse, Turkey will still remain at the side of the T/Cs and defend their "state." He added that Erdogan supports all three agreements the two leaders have managed to hammer out (March 21, May 23, July 1), as long as they are taken in their entirety -- ironically, the same message that President Christofias gave to A/S Fried regarding these three documents.

-----Turkish Funds to keep the T/C pro-solution government afloat?-----

¶6. (C) In a July 22 lunch with the Ambassador, Talat said that the Turkish government is still considering a CTP-"government" request to switch aid funds from infrastructure projects to the current budget, largely to fund salaries and social-transfer payments. He gave no indication regarding Ankara's decision, either negative or positive. The "government" needs such budget support to close a deficit estimated at 165 million USD in addition to earlier Turkish support. Barring the additional funds, T/C contacts, including Akansoy and CTP General Secretary Omer Kalyoncu, tell us that the pro-solution CTP "government"-- which has stumbled from crisis to crisis, most stemming from battles with public sector workers over failed belt-tightening measures aimed at reining in a bloated public sector--might very well have to go to early elections in the next six months or so, thus opening the possibility of an election victory by the Denktashian, right-wing National Unity Party (UBP).

¶7. (C) Talat, who had a 90-minute one-on-one with Erdogan on

July 19 and a four-hour "family dinner" the same day according to Akansoy, thought that AKP might not be closed after all. While Talat did not directly attribute this to Erdogan, he said that many in Turkey believed that closure of the party would set things back, while keeping the party open would show to the EU the independence of the judiciary and might jump-start Turkish EU accession. In response to a question from the Ambassador, he said AKP, if it survives the closure case, would focus on the economy and EU accession, not hot-button issues like headscarves.

-----Talat: On message with Erdogan (or vice-versa?)-----

18. (U) In his July 19 television address, Talat tracked Erdogan's message, voicing strong support for the UN-brokered process as well as gratitude for Turkish aid and encouragement. Like Erdogan, he said that a solution condemning the T/Cs to minority status or assimilation, or one threatening their security, is unacceptable. His policy, he said, is to achieve the goal approved in 2004, "a just solution." The T/C leader expressed hope that the July 25 leaders' meeting will lead to the start of negotiations. Talat repeated that Turkish Cypriots will never give up Turkish guarantorship, and that the presence of Turkish troops on the island is the result, not the cause, of the present problem. Talat called for an end of the "unjust" isolation of the T/Cs and demanded that the international community, and especially the EU, keep its promises.

-----Most T/Cs happy with Visit-----

19. (C) At the July 22 lunch with Ambassador, Talat said he was very pleased with the Erdogan visit and the public show of support, but did not go into great detail. Akansoy, his private secretary, told us that the T/C leader was extremely pleased with the show of Turkish government support, as it clears up any Greek Cypriot doubt regarding Erdogan's true

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intentions towards Talat. He also pointed out that Erdogan, by and large, never went beyond Talat's basic pro-solution talking points, a fact not lost on many T/C columnists, who noted the absence of "TRNC Forever" language-- a staple of previous Turkish PMs. Even those on the pro-solution left critical of the Turkish "big brother," such as Mehmet Cakici of the Social Democratic Party (TDP), told us the Erdogan visit was overall neither positive nor negative. The right-wing nationalist crowd was split. Some nationalist columnists were thankful for Erdogan's support of a "Turkish Cypriot State," interpreting it, most likely, as support for independence or a loose confederation, while others lamented his abandonment of the "TRNC."

-----Greek Cypriots vent, but nothing worse-----

110. (SBU) Greek Cypriots were vexed, not only by the timing of the visit -- coming a mere week before the crucial July 25 Christofias-Talat meeting, but also by Erdogan's statements regarding "two founding states," "two equal peoples" and a "new partnership." President Christofias said that Erdogan, through his statements, "proves his credentials to the Turkish deep state." He, however, quickly added that Erdogan's maximalism will not change the G/C commitment to basic principles or their good will. DIKO and EDEK, which are coalition partners in the government but take a more suspect view on starting full-fledged negotiations, voiced harsher criticism than DISY and AKEL. Nevertheless, their anger did not rise to a level that should jeopardize what is expected to be an announcement of the start of full-fledged negotiations on July 25.

¶11. (C) Comment: Erdogan,s visit could have been much worse, but probably could not have been much better barring Turkish abandonment of basic negotiating positions like guarantorship and a "new partnership state." While the Turkish lion did not lay down with the Greek Cypriot lamb, Erdogan ditched the typical rhetoric of past PMs and clearly upset those who want a continuation of the "TRNC"-- not a small group, truth be told. More importantly, he did not pull any surprises, and his pledge not to give up "Turkish Cypriot Sovereignty" was rhetorical payback for what most T/Cs, including Talat, view as Christofias,s insistence on July 1 to get T/C agreement to that notion, even if only "in principle." We will also continue to "follow the money": additional Turkish budgetary support, if approved, is further proof of Erdogan's realization that his best partner for a solution, despite inept management and its perpetually outstretched hand, is the present CTP "government." The Greek Cypriots, especially President Christofias, showed calm and maturity by making the requisite noises of outrage, without, however, going overboard and threatening the likely announcement of the start of full-fledged negotiations on July 25. End Comment.
SCHLICHER